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UNCLAS OTTAWA 001968

SIPDIS

NOFORN  
SENSITIVE

DEPARTMENT FOR EB/IFD, EB/OMA, WHA/EPSC, AND WHA/CAN  
STATE PASS FEDERAL RESERVE BANK FOR CHUGH  
STATE PASS SEC FOR JACOBS  
TREASURY FOR BILL MURDEN AND DAVID NAGOSKI  
PARIS ALSO FOR USOECD

E.O. 12958: N/A

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SUBJECT: CANADIAN TO HEAD FINANCIAL ACTION TASK FORCE FROM  
JULY 2006

1. (SBU) Frank Swedlove, Assistant Deputy Minister for Financial Sector Policy at the Department of Finance, will assume the presidency of the Financial Action Task Force (FATF) in July 2006. The announcement was made during the FATF meeting in Singapore earlier this month. In his press release, Prime Minister Paul Martin said "Canada plays a leading role in the fight against money laundering and terrorist financing," continuing that "Canada is committed to maintaining a strong and viable anti-money laundering and anti-terrorist financing regime." Martin highlighted Canada's intention of seeking the FATF presidency in his February 2005 budget message, and also committed the GOC to active participation in regional bodies such as the Asia-Pacific Group on Money Laundering and the Caribbean Financial Action Task Force. The budget document announced legislative and regulatory changes to implement revisions to FATF standards, and the GOC is reviewing the full range of anti-terrorism and money laundering legislation to make sure it complies with FATF (and UN) requirements as well as responding to points raised in a November 2004 Auditor General's report.

2. (SBU/NoFORN) During a recent meeting with emboffs, Swedlove said that although he hasn't yet focused on his objectives at FATF, there are some issues that he expects may be active when he takes office. He mentioned work on trade-based money laundering (over- and under-invoicing for criminal purposes) and improving FATF's relations with the private sector, including banks, and with other organizations such as the Egmont Group. FATF may also take a look at the results of the peer review system, as apparently some of the countries that were reviewed last year were unpleasantly surprised by the outcome. (Canada is due for review in early 2007, during Swedlove's term.)

3. (SBU) Swedlove attributes his selection to the fact that Canada has had "keen people on the file" in recent years. (For example, Canada took the lead in developing FATF's 40 points.) He said that although in the past their hard work was often not appreciated at higher levels in Ottawa, Prime Minister Martin is committed and, as he showed in his budget proposals, believes Canada needs to increase its profile in this area.

4. (SBU) Bio note: Swedlove has a low-key management style and enjoys friendly and collegial working relations with his staff. He has a long history in financial sector issues and participated in the NAFTA negotiations. In 1995 he chaired the WTO Committee on Trade in Financial Services.

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